

Solid Waste Advisory Committee
16 June 2009
Final Minutes

Present: Councilor Keith Nyhan Chair, Councilor Fred Keach, Councilor Liz Blanchard, Councilor Bill Stetson, Councilor Dick Lemieux, Arthur Aznive, Greg Banks, Melanie Dorion, Brian Phelps, Mike Russell, Terry Clarkson

Staff: Chip Chesley, Bob McManus, Phil Bilodeau, Jim Howard, Kathy Timcheck, Karon Devoid

Guests: Jim Presher, Co-op Executive Director, Craig Musselman, Liz Bedard, Paul Schmidt, Elaine Kellerman

Review and Approval of Minutes of May 27th

The meeting was called to order by Councilor Nyhan at 4:30 PM. The draft minutes of May 27 were reviewed and several edits were proposed. Councilor Stetson moved to approve the minutes, as amended; Terry Clarkson seconded the motion. The motion carried.

Since he needed to leave the meeting at 5:30, Councilor Nyhan requested that Pay As You Throw be discussed first. All present concurred to take that item on the agenda first.

Pay As You Throw Implementation Update

Chip informed the committee that the postcards to all residents receiving curbside collection services are schedule to be mailed next week. He provided the members with a copy of the post card. Chip advised the committee that a meeting has been scheduled with the Concord Monitor Editorial Board at 3:00 PM on Wednesday to discuss mechanics of the Pay As You Throw. Councilor Nyhan advised he would attend the meeting and invited others to join him if they wish. The meeting will be held at the Concord Monitor building. General Services' staff will also attend.

During the first week of implementation where a resident does not use PAYT bags, Chip advised the committee that the City's solid waste contractor has been directed to collect all but one the resident's bags, and to place a sticker on the remaining bag advising the resident of the program and the requirement to use PAYT bags.

Co-op Single Stream Update and Recommendation

Jim Presher advised the committee that the Co-op has secured bids for all of the components of the project (equipment, building and sitework, road work, contract operations), and now has hard numbers to complete its financial evaluations. He provided the members with an updated written report and introduced Craig Musselman, the Co-op's engineer. Craig introduced Liz Bedard and Paul Schmidt from his office. Craig indicated that the construction bidding was very tight. They have also interviewed contract operators and have made a tentative selection; that contractor has not yet been advised.

Craig Musselman made a presentation of the financial evaluation of the project. He showed the members the historic trends of recycling materials noting that it changes over time similar to the stock market. He noted that material prices have risen slightly since the sudden downturn last fall. Craig noted that aluminum brings in 25% of the revenue.

Craig then showed a series of charts showing projected tipping fees for several scenarios based upon the composition of the recyclable material recovered and the amount processed by the facility. He noted that aluminum could account for up to 25 % of the facility's total revenues. He noted that the Co-op has sufficient cash reserves in excess of \$12 million to construct the facility. He showed the committee a graph reflecting the projected tip fees based upon various levels of processing with no repayment of capital. He also showed the committee a graph reflecting projected tip fees based upon various levels of processing and capitalizing the project at prime plus one over a fifteen year period. He noted that the tip fee could be set between these two curves.

Jim Howard noted that prime plus one is higher than what the Co-op probably current realizes in its current portfolio. Craig and Jim Presher agreed.

Craig reviewed the governance of the project. He noted that the recycling project would have a board made up of Co-op members and Associate members who use the facility. That Board would develop a budget annually which would include setting a tip fee, and recommend the budget to the Co-op Joint Board for consideration and adoption. He noted that the communities would have the authority to set the tip fee and would gain the benefit of having that tip fee remain stable for the year. He stated that Concord, should it join, would be one of nine members on the recycling board. Since votes are weighted, it would be one of the larger votes. He also reminded the committee that Concord sits on the Joint Board where the votes are also weighted by population.

Craig noted that the charts show a tip fee level at 90 % of the Co-op' solid waste disposal fee. He reported that Associate Members have the opportunity to leave the project should tip fees reach this level. He noted that Co-op members are bound to the project. The purpose of this is to secure a level of base flow for the project. In reviewing the charts, Craig advised that it is difficult to show the

economics go negative where it would be less costly to deliver material to the waste to energy facility than to the recycling facility.

Craig noted that it is the Co-op's goal to secure 25,000 tons prior to proceeding to the Joint Board for a final vote on the project. The project is currently at 22,000 tons including Concord. Craig thought it would be difficult for the project to go forward without Concord's material. Jim Presher noted that the Joint Board is tentatively scheduled to meet late July to formally consider constructing the project.

Craig reported that Jim Presher and Liz Bedard are continuing to market the project. Liz Bedard reported that they had just met with Exeter who has single stream recycling and Pay As You Throw. Their current vendor is Northside Carting. Craig noted that Liz and Jim will be meeting with the Lamprey Co-operative who may have about 9,000 tons of material. He noted that Portsmouth's City Manager is currently considering a recommendation from staff regarding that City's commitment to the project. Craig noted that it is unlikely that these commitments will be received by the end of June. Jim Presher reported that Bedford recently confirmed that they will join as an Associate Member. Craig noted that Merrimack has also joined as an Associate Member. Craig also reported that Nashua backed out unexpectedly last week.

Chip reminded the committee that the City had recently executed a multi-year contract with Bestway for curbside solid waste and recycling services, as well as, containerized solid waste and recycling services. He reported that the contracts have provisions where the City may elect to 'opt out' the recycling disposal services in eighteen months so that the material could be directed to the Co-op's project. During the negotiations, Bob McManus recalled the cost of recyclables for the eighteen month period was about \$30 per ton. Craig reported the current market is about \$ 15 to \$ 35 per ton without transportation. Jim Presher noted that disposal of trash in 2010 will be in the mid \$60's and Concord would benefit most with recycling because it would be a direct drop for recyclables given the plant's location on Whitney Avenue.

Chip advised the committee that there are other benefits to the site in that it has the potential for a regional transfer station. Craig noted that the recycling facility site is designed to accommodate this potential future use. Jim Presher reminded the committee that the Co-op has executed a five year contract extension for solid waste disposal through 2014 with the provision for a five year extension to 2019 based upon price and other matters mutually agreeable to the Co-op and Wheelabrator. Chip noted that the City has included a transfer station in its capital improvement plan to be constructed as soon as 2014 should the Co-op and Wheelabrator not reach an agreement. Concord could probably realize cost savings by having a regional transfer station at the Co-op site instead of constructing a facility to serve only the City.

Jim Presher noted that the recycling facility will pay a host fee to Concord. He noted that the recycling estimates presented tonight include only residential tonnage and not commercial tonnage. Craig reported that commercial tonnage could be that plus half again reflecting that businesses like single stream.

There was a short discussion regarding the bottle bill and its affect on the facility. Jim Howard noted that individual communities and their elected officials may need to speak against such legislation in order to support the economics of the recycling facility. Jim Presher noted that he had testified against the most recent draft of a bottle bill this year in the legislature

Chip thanked Jim, Craig and Liz for their presentation and advised the committee that they should make a recommendation to City Council preferably by the end of June to meet the Co-op's timetable. Jim Howard noted the deadline to submit a report in July 1. Councilor Nyhan agreed and a meeting was scheduled for next Tuesday.

Other Items

Liz Blanchard inquired about information getting to the schools because the schools will be getting our shortly. Chip advised he would send a PDF file to Matt Cashman to see if he could have it printed and distributed before the end of school.

Next Meeting

Our next meeting is Tuesday, June 23, 2009 @ 4:15 PM.

Fred Keach motioned to adjourn the meeting at 5:40 and Terry Clarkson seconded the motion.